

**Department of Health and Human Services
Health Care Financing Administration
Operational Policy Letter #102
OPL 99.102**

Date: September 23, 1999

Subject: Multi-Year Benefits under Medicare+Choice (M+C) -- Replacement
OPL

Effective Date: For contract periods beginning on or after January 1, 2000.

Note: This OPL replaces OPL99.91, which was issued on April 23, 1999. We have reevaluated our policy on multi-year benefits and modified it in light of that reevaluation.

Question: M+C organizations (M+CO) have offered M+C plans that include multi-year benefits. Services included in this benefit are provided to a plan's Medicare enrollees over a period exceeding one year. For example, a plan may include coverage of one new pair of eyeglasses every two years. Will M+COs be allowed to continue this practice and include a multi-year benefit in its M+C plan offered to Medicare beneficiaries?

Answer: Yes, under certain circumstances described below. M+COs may describe in its marketing material and other benefit descriptions a benefit as being a multi-year benefit. Describing a benefit as a multi-year benefit does not necessarily obligate the M+CO to continue making the multi-year benefit available in the out-years according to terms established for the first year. Organizations may therefore drop or modify multi-year benefits from year to year without maintaining obligations from the previous contract year.

We are concerned, however, that beneficiaries have appropriate information regarding the possibility that multi-year benefits, offered in a given year, may not be available in subsequent years. Therefore, M+COs are required to make appropriate disclosures on this point wherever the multi-year benefit is mentioned.

A multi-year benefit may be offered as an additional, mandatory supplemental, and optional supplemental benefit. No service covered under original Medicare (i.e., Medicare Parts A and B) may be offered as a multi-year benefit unless original Medicare coverage stipulates it as such.

For Adjusted Community Rate (ACR) purposes, the actual and estimated costs of a multi-year benefit must be reported each year based on actual and estimated incurred costs for each year. In the above example (one pair of eyeglasses every two years), the ACR for the first year should reflect the costs and revenue expected to be experienced in the first year. The ACR for the second year should reflect the costs and revenue expected to be experienced in the second year.

Contact: HCFA Regional Office Managed Care Staff.

This OPL was prepared by the Center for Health Plans and Providers.